

**Council 4 AFSCME**  
**Testimony before the Appropriations Committee of the**  
**Connecticut General Assembly**  
**February 27, 2014**

Good afternoon, Senator Osten, Representative Tercyak, members of the Labor and Public Employees Committee. My name is Matthew Brokman, I am a Legislative Representative of Council 4 AFSCME, a union of 32,000 members across the state.

I'd like to speak on three items on your agenda today, and quickly mention our position on the rest:

Council 4 strongly opposes S.B. No. 219: AN ACT CONCERNING THE MUNICIPAL EMPLOYEE RETIREMENT SYSTEM CONTRIBUTION RATE.

The Municipal Employee Retirement System is intended to attract and retain high quality employees to work in government jobs, it is intended to be a decent deal for both employee and employer, and it is intended to be a way to keep seniors out of poverty. For its 60+ year history, it has been successful by and large at all three. This proposal would drastically change that balance.

Let me start by emphasizing why defined-benefit pensions are important: they help with the recruitment and retention of high-quality employees and they reduce old age poverty. A 2006 paper by the Center for Retirement Research shows that as employers shifted to 401(k) plans, employee mobility increased. The problem is that turnover costs for training new teachers or police officers is high, and so there are additional costs to that mobility. Further, when employees have a choice between a defined-benefit plan and a defined-contribution plan, they are likely to pick the DB plan. We've seen that in this state with employees of the Board of Regents.

Council 4 represents many of the lower-paying professions covered by MERS: clerical staff, school paraprofessionals, custodians, public works crews. To more than double the amount that they are paying into the MERS system, as this proposal would do for many of these workers, is simply unaffordable after several years of concessions and stagnant wages.

In addition, while rates for municipalities might seem high now, there were many years when they weren't. That's because the system is built to look over a longer time horizon. I do not believe there were many towns complaining about their contribution rates in the early 2000s, when it dropped below 3% for some groups of workers. In fact, while rates might seem high now, the average rate that the employer pays into MERS over its history is under 8%. With the rebounding stock market and an improving labor market, we expect that next year's employer contribution rate will go down.

Further, there are savings already built into the program for municipalities – since the towns do not need to set up their own local pension boards, hire investment firms, etc, they can save both on those costs and better hedge risk in the larger pool to get a stronger rate of return.

For these reasons we urge you to oppose this legislation.

Council 4 strongly supports S.B. No. 220: AN ACT CONCERNING THE INCLUSION OF LABOR HISTORY IN THE PUBLIC SCHOOL CURRICULUM. What we are really talking about with this bill is the story of how we became the country we are today, and the state we are today.

“Labor history” is the history of how we won WWII. It was a labor leader, Walter Reuther of the UAW, who pushed American manufacturers to turn their vast factories into war production machines enabling us to win the war.

“Labor history” is the history of the Civil Rights Movement. Martin Luther King, Jr. gave his life while standing up for Memphis sanitation workers as part of his Poor People’s Campaign to make sure that every citizen has the ability to exercise their rights in our democracy.

“Labor history” is the history of how our great infrastructure projects were built. It was steel forged in Homestead PA that went into some of our greatest structures that are still standing today.

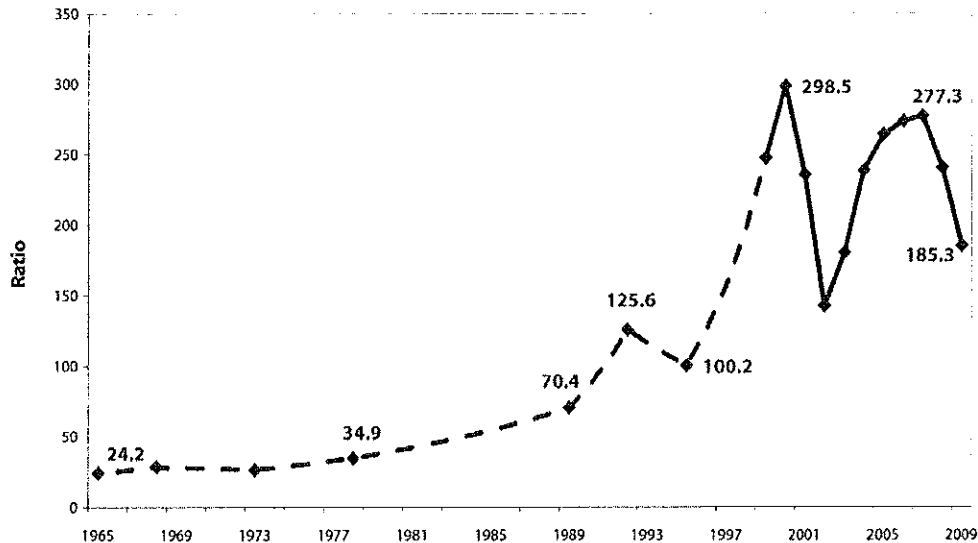
What this bill does is enable teachers to tell these stories.

Council 4 strongly supports H.B. No. 5280: AN ACT CONCERNING EXECUTIVE EMPLOYEE COMPENSATION. This legislation is about rebuilding the middle class. This country was founded by optimists. People who believed that if they worked hard their kids would have a better life. However, public opinion polls now find that the majority of Americans do not believe that is possible anymore. That’s because over the past 30 years, wages for the middle class have stagnated while costs for healthcare, childcare, housing, have all increased dramatically.

CEOs, Boards of Directors, the 1%, by contrast, aren’t doing all that bad. Those that sign paychecks on the front are making significantly more than those that sign their paychecks on the back.

### CEOs see big raises

Ratio of average CEO to average production worker compensation, 1965-2009



Source: Authors' analysis of *Wall Street Journal*/Mercer, Hay Group (2010).

Note: Point markers denote where ratio is known. The dashed line denotes years for which the ratio was imputed.

This bill only applies to those corporations that apply for public assistance. If they can afford to give those kinds of profits to the top, maybe they can afford to be in business without asking for a handout from taxpayers.

**Council 4 supports H.B. No. 5257 AN ACT CONCERNING HOSPITAL EMPLOYEES AND HOSPITAL CONVERSIONS.** If these conversions are actually allowed to go ahead, we need to put in place some common sense protections for our communities.

**Council 4 supports H.B. No. 5283: AN ACT CONCERNING EXPANSION OF FAMILY AND MEDICAL LEAVE.** By expanding current Family and Medical Leave laws to allow eligible employees to care for parents-in-law, siblings, grandparents or grandchildren, we are essentially updating FMLA to current times. Many children are being raised by grandparents, and with the sad state of our retirement savings, many children are caring for grandparents. Similar arrangements are there with parents-in-law and siblings. This is an important update to an important statute.

**Council 4 supports H.B. No. 5256 AN ACT CONCERNING THE COMPENSATION OF WORKERS ON FAMILY HOLIDAYS.** Anyone who works on major public holidays, to better enable the rest of us to enjoy them, should be compensated for their labor fairly.

**Council 4 supports H.B. No. 5281 AN ACT CONCERNING MEMBERS OF THE DISABILITY RETIREMENT BOARD.** No one should get sick simply by going to work. This

legislation will give the retirement board the expertise they need to better evaluate those who have suffered from going to work in unhealthy working conditions.